##### June 5, 2023

**TO:** All Interested Parties

**FROM:** Caroline Trum, Director, Wholesale Electric Quadrant

**RE: NERC Coordination Activities Update**

For over two decades, NAESB and NERC have worked closely together to coordinate on issues that impact both commercial and reliability considerations for the wholesale electric industry as well as to ensure the development of complementary business practice and reliability standards. As part of these efforts, NAESB and NERC staffs engage in frequent communications, including monthly standing calls, to discuss new and ongoing areas of coordination, including gas-electric market coordination, electronic tagging (e-Tagging), cybersecurity, defined terms and definitions, and batteries and distributed energy resources.

Regarding gas-electric market coordination, NAESB staff continues to with NERC as well as FERC staff as the efforts of the NAESB Gas-Electric Harmonization (GEH) Forum progress. Reconvened in response to a request from FERC and NERC to address Key Recommendation 7 in the FERC-NERC-Regional Entity Staff Report: February 2021 Cold Weather Outages in Texas and South Central United States, the GEH Forum has held a series of meetings, beginning in August 2022, in order to identify potential actions that could enhance natural gas infrastructure reliability in support of the bulk electric system. Participants have identified a number of considerations, and the GEH Forum is currently in the process of developing recommendations to be included in a report that will be submitted to FERC and NERC. GEH Forum leadership anticipates this report will be completed next month.

NAESB and NERC both maintain standards that facilitate the electronic transfer of energy through e-Tagging. NAESB also maintains the e-Tagging Functional Specification which describes the requirements and specifications to facilitate e-Tagging transactions in accordance with the NAESB WEQ Business Practice Standards and NERC Reliability Standards. The WEQ Coordinate Interchange Scheduling Subcommittee (CISS) is currently in the process of reviewing the specification and making any necessary revisions to ensure the requirements continue to be supportive of the applicable business practices and reliability standards as well as reflective of cybersecurity best practices. The next meeting of the subcommittee is scheduled for June 28, 2023.

There are several other areas of coordination between NAESB and NERC which are assisted by NAESB subcommittee efforts. For cybersecurity, the WEQ Cybersecurity Subcommittee undertakes an annual effort that includes a review of the current version of the NERC CIP Reliability Standards in order to identify any modifications to the WEQ Business Practice Standards to correspond and support the NERC standards. Additionally, the WEQ Standards Review Subcommittee reviews all standards under development by NERC to determine if complementary WEQ Business Practice Standards are needed or if there are any necessary modifications to existing standards. One area currently being monitored by the subcommittee is NERC’s consideration of revisions to its Glossary of Terms as part of NERC Project 2022-01 Reporting ACE Definition and Associated Terms. NAESB and NERC use many of the same defined terms within their respective standards, and, where possible, coordinate on definitions to ensure consistency for the industry and avoid potential confusion.

This year, the WEQ Business Practices Subcommittee (BPS) is addressing a number of standard development items to support distributed energy resources (DERS) and energy storage. In late April, NAESB ratified a new suite of standards developed by the WEQ BPS intended to support the utilization of DERs within the wholesale marketplace, and the subcommittee is considering the development of standards to support the industry’s use of energy storage resources and DER aggregations as part of FERC Order Nos. 841 and 2222. As NERC also has various efforts addressing reliability considerations for DERs, NAESB and NERC staffs have engaged in coordination in this area, especially regarding the development of defined terms and definitions.